



The American Recovery and Reinvestment Act of 2009
 Changes to Tax Credits for Employees

<u>Provision</u>	<u>Current</u>	<u>Recovery Act</u>
Increase in Earned Income Tax Credit for Married Couples and Families with Three or More Children	For married couples, beginning point of “phase-out range” is \$3,120 higher than for individuals. For example, for married couples with no children, credit begins to phase out at \$10,590 of earnings, compared to \$7,470 of earnings for a single person. Families with two or more children currently qualify for a credit equal to 40% of the family's first \$12,570 of earned income, subject to a phase-out for families with adjusted gross income in excess of \$16,420 (\$19,540 if filing jointly).	For families with three or more children, increases the credit to 45% of the first \$12,570 of earned income. Maximum for these families would be \$5,657. For all married couples filing a joint return (regardless of the number of children), increases the beginning point of the phase-out range by \$1,880 (\$5,000 higher than for single people). Both provisions limited to tax years 2009 and 2010.
Child Tax Credit Expansion	An individual may claim a tax credit for each qualifying child under the age of 17. The amount of the credit per child is \$1,000 through 2010. If the credit exceeds the taxpayer’s federal income tax liability, the taxpayer is eligible for a non-wastable (refundable) credit equal to 15% of earned income above \$8,500 in 2008 (\$12,550 in 2009). Families with lower earnings are ineligible.	Families with earnings above \$3,000 eligible for a nonwastable credit equal to 15 percent of earnings, up to current-law maximum credit of \$1,000. Provision limited to tax years 2009 and 2010.